Government of Canada / Gouvernement du Canada

Lobbyists Registration Act

Annual Report

2005-2006

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Canada

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Registrar of Lobbyists | Directeur des lobbyistes
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June 30, 2006

The Honorable John Baird, P.C., M.P.
President of the Treasury Board of Canada
House of Commons
Ottawa ON K1A 0A6

Dear Minister Baird:

I have the honour of presenting to you the seventeenth annual report of the Registrar of Lobbyists on the administration of the information disclosure and public registry provisions of the *Lobbyists Registration Act*, R.S.C. 1985, c. 44 (4th supp.), as amended by S.C. 1995, c. 12; by *An Act to Amend the Parliament of Canada Act (Ethics Commissioner and Senate Ethics Officer) and Other Acts in Consequence*, S.C. 2004, c. 7; and by *An Act to Amend the Lobbyists Registration Act*, S.C. 2003, c. 10, which came into force on June 20, 2005. This report is presented in accordance with the provisions of subsection 11(1) of the Act. The report covers the fiscal year ending March 31, 2006.

Yours sincerely,

Michael Nelson

Canada

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Message from the Registrar of Lobbyists

The period covered by this Annual Report was a remarkable one for the *Lobbyists Registration Act* (Act).

On June 20, 2005, the amendments to the Act that had been made through Bill C-15 (*An Act to Amend the Lobbyists Registration Act*) came into force, along with associated regulatory changes. The effect of the amendments on registrations was dramatic – in particular the registrations for corporate lobbyists, which, by the end of the reporting period had increased by 847 percent over last year. And while it is difficult to quantify the effect of removing the words "in an attempt to influence" from the definition of registrable communications under the Act, it is clear from our interactions with lobbyists and with public office holders (POHs) that this amendment too, had a significant impact on registrations. Overall, we observed that the legislative amendments had a significant impact on registrations, not only in terms of numbers but also in relation to the quality of the information found in the Registry of Lobbyists.

In September 2005, the first of two important structural changes in support of the administration of the Act was made. The Lobbyists Registration Branch, which had been part of the Comptrollership and Administration Sector of Industry Canada, was made a separate organization within Industry Canada and renamed the Office of the Registrar of Lobbyists (ORL). At the same time, the responsibilities of the Registrar of Lobbyists were acknowledged to be a full-time position by separating them from the responsibilities of the Assistant Deputy Minister of Comptrollership and Administration. Backed by the strong prospect of a substantially increased budget, the Office was reorganized to establish separate groups for Operations and for Investigations.

A further move towards greater independence of the ORL was made in February 2006, when the Office was moved to the portfolio of the President of the Treasury Board as an independent entity, pending further changes. By the end of the reporting period, most staffing was complete, and a strong organization was in place to support the Act and whatever changes might be brought to it.

It was clear from comments made during my appearance of October 27, 2005, before the Standing Committee on Access to Information, Privacy and Ethics, that there was strong interest among members in making changes to the Act prior to the legislatively mandated review that would take place in 2010. As the possibility of a federal election grew, political parties began to take positions on the changes they would bring to the Act. By the end of the election period, all political parties had made their positions known.

As this Report was being written, Bill C-2 (the proposed *Federal Accountability Act*) was tabled. The ORL will assist the work of Parliament in whatever way possible during the debate on this Bill. We believe strongly that lobbying legislation is intended to bolster confidence in federal institutions through accountability and transparency in communications with public office holders. We look forward to playing a key role in supporting that outcome.

Michael Nelson
Registrar of Lobbyists

The *Lobbyists Registration Act*

Purpose and Description of the *Lobbyists Registration Act*

The *Lobbyists Registration Act* (Act) provides for the public registration of those individuals who are paid to communicate with public office holders with regard to certain matters as described in the legislation (i.e., lobbying). Public office holders are defined in the Act as virtually all persons occupying an elected or appointed position in the Government of Canada, including members of the House of Commons and the Senate and their staff, as well as officers and employees of federal departments and agencies, members of the Canadian Forces and members of the Royal Canadian Mounted Police (RCMP).

Four basic principles are set out in the preamble to the Act:

- Free and open access to government is an important matter of public interest.
- Lobbying public office holders is a legitimate activity.
- It is desirable that public office holders and the general public be able to know who is engaged in lobbying activities.
- The system for the registration of paid lobbyists should not impede free and open access to government.

Individuals are required to register under the Act if they communicate with federal public office holders, whether formally or informally, with regard to:

- the making, developing or amending of federal legislative proposals, bills or resolutions, regulations, policies or programs; or
- the awarding of federal grants, contributions or other financial benefits; and
- in the case of consultant lobbyists, the awarding of a federal government contract or arranging a meeting between their client and a public office holder.

The Act provides for three categories of lobbyists—consultant lobbyists, in-house lobbyists (corporations) and in-house lobbyists (organizations).

Consultant lobbyists are individuals who, for payment, lobby on behalf of a client. Consultant lobbyists may be government-relations consultants, lawyers, accountants or other professional advisors who provide lobbying services for their clients. They must file a registration for each individual undertaking (i.e., for each lobbying contract).

In-house lobbyists (corporations), are employees of corporations that carry on commercial activities for financial gain, and who lobby as a significant part of their duties. These employees are usually full-time officers who devote a significant part of their duties to public affairs or government-relations work. The most senior paid officer must register the corporation if the total lobbying activity of all employees equals 20 percent or more of the duties of one equivalent full-time employee. The registration must include the names of all senior officers (the most senior officer and all his or her direct subordinates) who engage in any lobbying activity, as well as the name of any employee who devotes a significant part of his or her duties to lobbying activities.

In-house lobbyists (organizations) are employees of non-profit organizations, such as associations. The most senior paid officer of such an organization must register the names of all employees engaged in lobbying activity if the total lobbying activity of all such employees equals 20 percent or more of the duties of one equivalent full-time employee.

All lobbyists are required to disclose certain information within time limits specified in the Act. This information includes:

- the names of their clients, or corporate or organizational employers;
- the names of the parent or subsidiary companies that would benefit from the lobbying activity;
- the organizational members of coalition groups;
- the specific subject matters lobbied;
- the names of the federal departments or agencies contacted;
- the sources and amounts of any government funding received; and
- the communication techniques used, such as meetings, telephone calls or grassroots lobbying.

Corporations and organizations must also provide general descriptions of their business or activities.

Legislative Changes: The Amended Act

Following extensive review by committees in both Houses of Parliament, two bills were passed during 2003–2004 to establish a new legislative and regulatory framework for the registration of lobbyists.

On May 17, 2004, *An Act to Amend the Parliament of Canada Act [Ethics Commissioner and Senate Ethics Officer] and Other Acts in Consequence* (then known as Bill C-4) came into force. It changed the reporting structure under the *Lobbyists Registration Act*. The position of the former Ethics Counsellor ceased to exist and the Registrar of Lobbyists now reported to Parliament through the Registrar General of Canada (the Minister of Industry).

An Act to Amend the Lobbyists Registration Act (known prior to passage as Bill C-15), received Royal Assent on June 11, 2003, as S.C. 2003, c. 10. The legislative amendments and the associated changes to the *Lobbyists Registration Regulations* came into force on June 20, 2005.

The revised Act broadened the scope of activities for which registration is required by removing the expression "in an attempt to influence" from the Act as it previously read. This means that all communications covered by the legislation now constitute lobbying and, therefore, require registration.

Registration is not required under the Act for simple enquiries or administrative requests for information. The amendments removed the exemption from the requirement to register when a public office holder initiates contact with any individual who could be lobbying the public office holder, or with that individual's organization.

The amended Act contains stronger enforcement provisions that require notification of the appropriate police authorities if the Registrar of Lobbyists, while conducting an investigation into an alleged breach of the *Lobbyists' Code of Conduct* (Code), has reasonable grounds to believe that a criminal offence has been committed.

The new legislation strengthened and simplified the registration requirements set out in the Act. It did so by requiring all lobbyists to update or renew their filings every six months, and by implementing a single filing approach for the registration of corporations and non-profit organizations. This single filing system is intended to provide consistent treatment for all types of lobbyists, as established under the Act, and to ensure that responsibility for the actions of lobbyists rests at the highest corporate levels.

The amended Act also requires former public office holders engaged in lobbying to provide information on the positions they held within the federal government. Finally, the revised Act clarified minor discrepancies that previously existed between the French and English versions of the legislation.

New Regulations

The Act authorizes the Governor in Council to make regulations respecting the form and manner of returns to be filed by lobbyists. *The Lobbyists Registration Regulations* set out the detailed forms that lobbyists must complete and file. Lobbyists are encouraged to complete and file these registration forms electronically, free of charge. The fee schedule for processing forms submitted in paper format was published in Part I of the *Canada Gazette* on December 16, 1995.

Following Royal Assent to *An Act to Amend the Lobbyists Registration Act* on June 11, 2003, it became necessary to revisit and amend the *Lobbyists Registration Regulations* to ensure that appropriate administrative measures for compliance with the Act would be in place to facilitate the implementation of the amended legislation.

The proposed Regulations were prepublished in Part I of the *Canada Gazette* on December 18, 2004, to provide interested individuals and organizations with an opportunity to comment on the Regulations during a 60-day period following the date of prepublication. Following this, the proposed Regulations went through final publication in Part II of the *Canada Gazette* on June 1, 2005. The *Lobbyists Registration Regulations* came into force at the same time as the amended Act, on June 20, 2005. No changes were made to the fee schedule.

The Lobbyists Registration Process

More than 99 percent of the transactions made in the Registry of Lobbyists (registrations, amendments, renewals, and terminations) are done electronically through the Lobbyists Registration System (LRS). The LRS is a web-based application available to lobbyists and the public through the Internet. It is used both for processing and disclosing registrations filed by lobbyists.

All Registry information collected under the Act and the *Lobbyists Registration Regulations* is a matter of public record. The objective of the Registry is to ensure that the general public and public office holders know who is being paid to communicate with federal public office holders.

The majority of lobbyists complete their transactions electronically through the LRS. This interactive system validates basic data, such as names and addresses; reminds lobbyists to complete all required information; and permits lobbyists to easily edit their own disclosures. Data, once verified, are moved to the Registry database. Anyone can search this database for information and produce reports from his or her own computer.

Users can search and retrieve information on the following:

- who lobbies for which firms, corporations, organizations or associations;
- which parent and subsidiary companies or corporations benefit from the lobbying;
- who the organizational members of coalition groups are;
- what activities corporations and associations engage in (a general description);
- which Government of Canada departments or agencies are being contacted;
- what the names or descriptions of the specific legislative proposals, bills, regulations, policies, programs, grants, contributions or contracts sought are; and
- which positions former public office holders have held with the Government of Canada.

Users can also produce their own summary reports of registered lobbyists, as well as copies of individual registration forms, directly from the Registry. It is also possible to access a list of recent registrations that includes all new registrations, amendments and terminations processed within the past 30 days. Users who search and retrieve the data directly from their own computers may do so free of charge. If personnel of the ORL are asked to search and retrieve information, a service charge may be applicable.

Modifications to the Lobbyists Registration System

The coming into force of the amended *Lobbyists Registration Regulations* on June 20, 2005, required significant changes to the LRS. In particular, extensive modifications were made to the system to allow for the new six-month renewal period, the requirements regarding the registration of in-house corporate lobbyists, and the disclosure of federal positions that former public office holders occupied. In addition, the system's public interface, which dated back to the mid-1990s, was modernized to make it more user-friendly and efficient.

The significant increase in the volume of transactions resulting from the changes to the registration requirements also had a major impact on the administrative components of the LRS. As a result, modifications to those portions of the system were also identified for future implementation, in order to enable Office personnel to manage the larger volume of activity more effectively.

To speed up the approval process, modifications were also implemented to allow for a more widespread use of electronic correspondence to issue notices of renewal and notices of termination, among others. Moreover, the ORL initiated a review of its registration business processes, in order to make better use of the system's potential for increased electronic transactions.

Establishment of the Office of the Registrar of Lobbyists

Responsibility for the administration of the information disclosure provisions of the *Lobbyists Registration Act* (Act) and the maintenance of the public registry rests with the Registrar of Lobbyists, who is designated by the Registrar General of Canada (currently, the Minister of Industry). The personnel of the Office of the Registrar of Lobbyists (ORL) assist the Registrar in carrying out these responsibilities.

Under the Act, lobbyists must register their lobbying activities in the prescribed manner in the Registry of Lobbyists. If requested by the Registrar, lobbyists are also required to provide clarification of any information they have submitted in their registration. The Registrar also has the authority to seek verification of this information. The information submitted for registration is checked for completeness and clarity. Inconsistencies or obvious omissions are pointed out to lobbyists for correction or provision of supplementary information.

The Act authorizes the Registrar of Lobbyists to issue advisory opinions and interpretation bulletins, in order to provide greater clarity regarding registration provisions.

A Year Marked By Significant Changes

During the fiscal year ending March 31, 2006, the Registrar of Lobbyists led the Office through a series of significant changes intended to improve the administration of the Act. These changes began in September 2005, with the appointment of the current Registrar of Lobbyists on a full-time basis. This measure was taken in response to the increased workload, resulting from the coming into force of the amendments to the Act. Since July 2004, the position had been occupied on a part-time basis with the Operations component being run by a Director and a small team. Immediately after his full-time appointment, the Registrar took a number of steps to transform what was known as the Lobbyists Registration Branch of Industry Canada into a more independent organization. The Registrar ceased all participation in Industry Canada's

management team and, in October 2005, moved the Branch, now renamed the Office of the Registrar of Lobbyists, to new premises physically separated from those of Industry Canada.

At the same time, the legislative amendments that came into force on June 20, 2005, required major changes to the Lobbyists Registration System (LRS) and to the way the Office administered the lobbyists registration process. Expanded registration requirements regarding former public office holders, the inauguration of a six-month renewal period for all lobbyists and the implementation of a new registration regime for in-house corporate lobbyists, provided the impetus for a modernization of the LRS, together with a re-engineering of the registration process.

The coming into force of the modified Act not only broadened registration requirements for all categories of lobbyists, but also increased awareness of the registration of lobbyists in the lobbying community, as well as in the public eye. This contributed to an increase in the number of information requests and transactions handled by the ORL.

In an effort to increase the efficiency of the registration process and to strengthen the enforcement capabilities of the Office, the Registrar undertook a restructuring of the organization by creating two directorates focused on groups of core activities. An Investigation Directorate was established, the major role of which is to enforce the Act through conducting administrative reviews, investigations, and policy analysis related to the application of the Act. The Registrar also decided to combine a number of responsibilities within an Operations Directorate. This new unit now performs all registration functions, including client service, advice, interpretation and informatics, as well as communications, awareness and certain corporate functions.

On February 6, 2006, Prime Minister Harper announced that the Office of the Registrar of Lobbyists had been transferred from the Industry portfolio to the Treasury Board portfolio as a stand-alone office, to increase its independence while the Government was working to further revise and strengthen the Act.

On April 11, 2006, Bill C-2 (the proposed *Federal Accountability Act)* was introduced in Parliament, containing proposals to amend the *Lobbyists Registration Act*.

Since February 2006, the Office of the Registrar of Lobbyists has been a separate and independent department and the Registrar of Lobbyists has the authority of a deputy head, for the purpose of the *Financial Administration Act* and other Acts.

Establishing a Strong Management and Accountability Framework

One of the key processes initiated in September 2005, with the full-time appointment of the current Registrar of Lobbyists, was the development of a results-based management and accountability framework for the Office of the Registrar of Lobbyists.

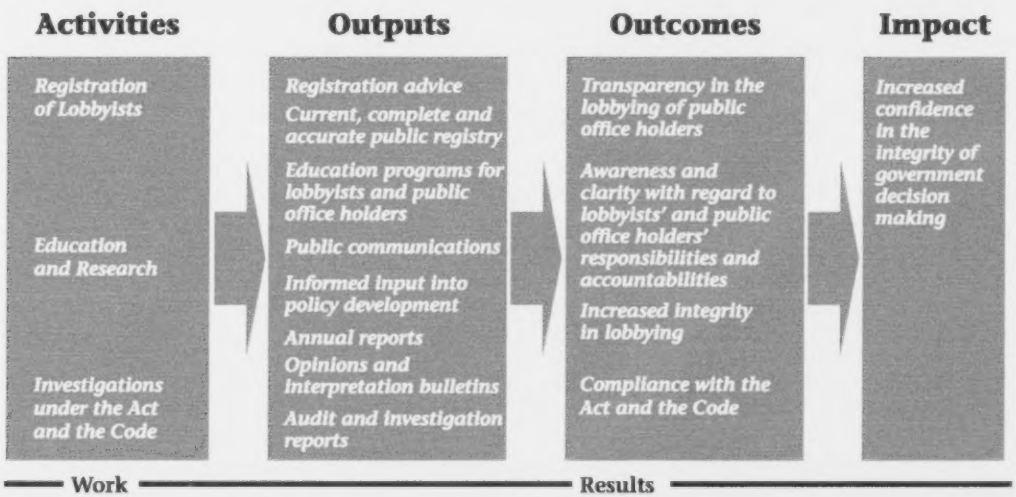
This process has, to date, yielded two key components:

- A Logic Model for the work and results of the ORL; and
- A Management, Resources and Results Structure and a Program Activity Architecture (MRRS/PAA) for the ORL. This became necessary after the February 6, 2006, creation of the ORL as an independent departmental entity within the Treasury Board portfolio.

ORL Logic Model

A Logic Model was developed specifically for the ORL. It was used to guide the structure and organization of the work of the ORL and the targeting of its results. The following paragraphs discuss the key elements of this Logic Model, salient elements of which can be found in Figure 1 below.

Figure 1: Office of the Registrar of Lobbyists Logic Model


Activities
Outputs
Outcomes
Impact
Registration of Lobbyists
Education and Research
Investigations under the Act and the Code
Registration advice
Current, complete and accurate public registry
Education programs for lobbyists and public office holders
Public communications
Informed input into policy development
Annual reports
Opinions and interpretation bulletins
Audit and investigation reports
Transparency in the lobbying of public office holders
Awareness and clarity with regard to lobbyists' and public office holders' responsibilities and accountabilities
Increased integrity in lobbying
Compliance with the Act and the Code
Increased confidence in the integrity of government decision making
Work
Results

The following paragraphs discuss the key elements of this Logic Model.

Impact (Ultimate Contribution) - We believe strongly that the ultimate contribution of our work is increased confidence in the integrity of government decision making. While greater confidence of Canadians in their federal institutions is our primary target, an increase in the confidence of those outside the country – foreign investors and people we hope to attract through immigration, for example – is also important.

Outcomes - There are four essential outcomes targeted:

- *Increased transparency in lobbying.* We will achieve this by ensuring that the public, through a current, complete and accurate public Registry, has more complete and timely knowledge of who is lobbying public office holders.
- *Increased clarity and awareness as to what lobbyists' and public office holders' responsibilities and accountabilities are under the Act and the Code.* We plan to achieve this outcome through education and communication programs, policy research and the provision of advisory opinions and interpretation bulletins.
- *Increased integrity in the lobbying of public office holders.* We will contribute to this outcome through prompt and diligent investigation, verification and audit of potential non-compliance or breaches under the Act and the Code, and the inclusion of their results in Annual Reports as well as other reports to Parliament.
- I*ncreased compliance with the Act and the Code.* We will achieve this outcome through a combination of registration, education and communication activities; provision of advisory opinions and interpretation bulletins; investigations, verifications and audits, and the inclusion of their results in Annual Reports.

Activities and Outputs - We have organized our work around three principal activities and a set of outputs that contribute directly to the outcomes discussed in the foregoing paragraphs:

- *Registration of Lobbyists.* This activity is intended to ensure that public office holders and the general public know who is lobbying government. Its outputs are a current and accurate public Registry and registration advice for registrants. Key functions under this activity are registration of lobbying activities, maintenance of the public Registry, and provision of registration advice to lobbyists to assist them in meeting the letter and spirit of the Act.
- *Education and Research.* This activity aims for greater awareness and clarity with regard to the accountability of lobbyists and public office holders. It targets lobbyists and their clients, public office holders and the general public. Its outputs are education programs for lobbyists and public office holders; communications for the general public; policy research for informed input into public policy development; Annual Reports; and opinion and interpretation bulletins.
- *Investigations under the Act and the Code.* The aim of this activity is enhanced compliance and integrity in lobbying. It targets lobbyists who fail to comply with the Act and the Code. Key outputs include audit and investigation reports, Annual Reports, and possible penalties under the Act and the Code.

Management, Resources and Results Structure Policy, and Program Activity Architecture

The government's *Management, Resources and Results Structure Policy* (MRRS) requires that all departments under section 2 of the *Financial Administration Act* (which includes the ORL) develop a management, resources and results structure that is current and reflects the way the organization manages its various programs and activities toward the achievement of results.

The ORL has recently prepared an MRRS, including a Program Activity Architecture (PAA), for Treasury Board approval. The MRRS/PAA structure is based on the Logic Model discussed above. It also reflects the work and results planned through the Logic Model.

Details of the MRRS/PAA structure will be included in our next Annual Report.

Education and Awareness

The Office of the Registrar of Lobbyists (ORL) believes that education and awareness are key contributors to compliance with the *Lobbyists Registration Act* (Act). During the reporting period, the Office employed several means of promoting awareness of the Act and its requirements, including:

- direct communication with registered lobbyists;
- training and information sessions;
- media interviews;
- conferences and learning events;
- presentations to departmental management teams and staff; and
- dialogue with other jurisdictions.

Direct Communications

The first major awareness effort of the year was in support of implementing the amendments to the Act and associated regulations, and the launch of the upgraded online Registry. Letters and information packages were sent to all lobbyists and organizations registered with the Office. They contained information related to the legislative amendments and to the corollary changes to registration requirements.

Training and Information Sessions

The ORL does not have the resources to carry out a large training program. However, in response to a request from Industry Canada, a training session was developed for staff at Technology Partnerships Canada (TPC). Consistent with the independent role of the ORL, the training content related directly to the Act. However, the training assisted TPC in developing its own internal procedures for dealing with lobbyists. In total, twenty-eight training and information sessions were delivered to various organizations in French and English.

Media Interviews

Relative to previous years, the Act received a great deal of media attention during the reporting period. However, the nature of the attention was primarily on alleged breaches of the Act by individuals who were engaged as consultant lobbyists.

To promote awareness of the full scope of the Act, the Registrar carried out a series of interviews with print and broadcast media. We believe the resulting coverage was both positive and useful in presenting the checks and balances that are in place under the Act and the Code.

Conferences and Learning Events

The Registrar and senior office staff made presentations and participated in panel discussions at conferences and learning events during the year. These sessions were useful not only for creating awareness of the Act, but also for providing a valuable opportunity to hear comments and opinions on the operation of the current legislation, as well as suggestions as to possible future changes. The Annual Conference on Government Ethics Laws (COGEL), held in Boston, Massachusetts, in December 2005, was particularly useful as a source of information on trends in lobbying legislation and enforcement.

Departmental Management Teams

In June 2005, the Registrar wrote to Deputy Ministers and heads of other federal organizations to inform them about the coming into force of the amended Act, as well as to offer a briefing to their management teams. Several organizations responded positively. Although the presentations were generic in nature, subsequent discussions revealed the complexity and variety of environments in which lobbyists and public office holders interact. Chief among the discussion issues at virtually every management table was the implication of the Act for ongoing interaction between departments and their clients and stakeholders. The need for further dialogue within each department relative to its own circumstances was clear, as was the need for a continued outreach effort on the part of the ORL.

Dialogue with other jurisdictions

The Office continued its practice of exchanging ideas and practices with counterparts in other Canadian and international jurisdictions. Meetings were held with officials in Québec, Nova Scotia, Ontario and British Columbia, and with U.S. counterparts in Washington. As well, contact was made with officials in Newfoundland and Labrador, the newest province with lobbying legislation. A proposal to organize a meeting of all Canadian jurisdictions having lobbying legislation was made, and we expect that such a meeting will be held in the fall of 2006.

Enforcement of the Act

Processing Complaints

The Investigations Directorate developed a set of procedures to govern administrative reviews and investigations. Administrative reviews are initiated following requests or complaints received from the general public, the media, Members of Parliament or organizations, or when officials of the Office of the Registrar of Lobbyists (ORL) believe there is a possible contravention of the *Lobbyists Registration Act* (Act) or the *Lobbyists' Code of Conduct* (Code). An administrative review is not a formal investigation. Its sole purpose is to assemble and check factual evidence, with a view to determining if a formal investigation is required. All information gathered during either an administrative review or an investigation is retained in accordance with government information management practices.

An administrative review typically involves reviewing all registration files in the custody of the Office, and available correspondence and other forms of communication between the ORL and the lobbyist; as well as confirming, through phone or in-person interviews with public office holders, whether registrable activities have indeed taken place. The Office may also decide to contact the lobbyist during the course of a review.

If the review indicates there are reasonable grounds to believe a breach of the Act has occurred, the Registrar of Lobbyists is informed of the conclusions so that appropriate action may be taken. This process is summarized in Figure 2.

Figure 2.

Complaint or indications ➤	*Administrative review by the Office of the Registrar of Lobbyists* ➤	*Conclusions sent to the Registrar of Lobbyists* ➤	*If grounds are sufficient and within the two-year period, the Registrar of Lobbyists refers the file to the RCMP*

A conviction for a contravention of the Act relating to registration requirements carries a fine of up to $100,000, or a jail term of up to two years. The Act stipulates a two-year limitation period for contraventions of the registration requirements, after which no charges can be laid.

For more details pertaining to administrative reviews and investigations see *"Annex 1 - Overview of Administrative Review and Investigation Processes."*

Administrative Reviews

Subject to certain exceptions, section 8 of the *Privacy Act* provides that personal information shall not be disclosed without the consent of the individual to whom it relates. The following summary of administrative reviews undertaken by this Office is written to protect personal information in accordance with the *Privacy Act* and the restrictions associated with disclosure of personal information.

The Investigations Directorate dealt with two outstanding administrative reviews from the 2004–2005 reporting year. One review, which still had material being collected in March 2005, was finalized. The allegation had been unregistered lobbying and the recommendation to the Registrar outlined sufficient grounds to believe a breach of the Act had taken place. The case was referred to the RCMP for investigation in July 2005. In March 2006, the RCMP advised the ORL that they would not be proceeding with an investigation.

The other review, which had not been presented to the Registrar because the activity had occurred outside the two-year time limit of the Act, was re-examined due to additional information coming to the attention of the ORL. A study of this new information resulted in a recommendation to the Registrar that this individual might be in breach of the Code, which has no time limitation. An investigation under the Code was initiated in the fall of 2006 and the case is still ongoing.

In the reporting period of 2005–2006, nine new administrative reviews were initiated, six of which were related to possible contraventions of the Act. The remainder are discussed in the *Lobbyists' Code of Conduct* Annual Report. Three reviews were prompted by external complaints and three others were initiated by the ORL.

The first externally initiated review involved an allegation that an unregistered lobbyist was communicating with public office holders (POHs) in support of obtaining federal funding for a municipality. The Office contacted the individual under review and concluded from the information provided that no payments were made with respect to communications. Therefore, the activities did not require registration under the Act.

The second externally initiated review relates to allegations of unregistered lobbying activities and breaches of the Code by a number of lobbyists who are communicating with a government department to seek federal funding. The individuals in question are alleged to have breached all three principles of the *Lobbyists' Code of Conduct*, (Integrity and Honesty, Openness and Professionalism), and, additionally, are alleged not to have provided accurate information in registering. This review is ongoing.

The third externally initiated review is focussed on an allegation of improper disclosure of government funding by several organizations. The Act requires that registrations contain information about the government agency, its name, and the amount of funding received. This review is ongoing and is continuing to assess five organizations in terms of the completeness of their disclosures of federal funding.

The first ORL-initiated review involved an individual who had allegedly communicated with public office holders on a number of occasions in support of a private sector client. Interviews were held with the individual and with the client. In addition, several public office holders who were key players on the issue were contacted and asked if the individual had communicated with them or had arranged meetings on behalf of the client. The Office found no evidence to substantiate the allegation of unregistered lobbying.

Consultant lobbyists must register each lobbying undertaking within 10 days of entering into that undertaking – that is, within 10 days of contracting with a client to carry out a lobbying assignment. The second ORL-initiated review examined whether a registered lobbyist had waited longer than the required 10-day period before registration. The review determined through interviews with the individual under review and document research that communication with POHs did occur but that it was within the 10-day limit.

Former public office holders must disclose in the Registry all of the public offices that they have held. The third ORL-initiated review involved missing information in the Registry with respect to an individual, who was known by the Office to be a former POH. It was determined through contact with the office of the individual under review and a full examination of the registration file, that although the information was not published in the online registry, it had been provided to the ORL on paper. The Office concluded that no deliberate attempt to avoid full registration had occurred.

In addition to these cases, several *ad hoc* reviews were undertaken in response to media articles, email requests, and telephone calls regarding lobbyists' registrations.

Statistical Review

Information Services

The Office of the Registrar of Lobbyists (ORL) provides assistance regarding the registration process, reminds lobbyists to renew their registrations, and verifies that all disclosures are consistent and complete. During the past year, 6,994 registrations were processed, of which 5,347 were consultant lobbyists registrations, 617 were in-house lobbyist (corporations) registrations and 1,030 were in-house lobbyist (organizations) registrations.

The number of calls for technical assistance decreased compared to the previous year. Typically, such calls relate to the use of incorrect website addresses, navigational assistance, forgotten passwords, broken links and other technical problems. There were 426 helpline calls in 2005–2006, compared to 1,280 calls in the previous year. A good part of this decrease is related to the launch of a new user-friendly website that generated fewer technical problems.

The Registration Unit also handled 5,142 calls from users of the Lobbyists Registration System during the fiscal year. As might be expected, the number of calls peaked in July and August, following the coming into force of the amendments to the Act, on June 20, 2005.

There was an increase in 2005–2006 in the number of visits to the ORL website, as well as in the number of pages accessed. In the previous year, there were 41,944 visits and 313,412 pages accessed. In 2005–2006, the website recorded 82,330 visits (a 96 percent increase) during which some 379,720 pages were accessed. This is probably an indication that the new user-friendly website allowed this larger number of users to access pertinent information more directly (i.e., by not requiring them to navigate through a large number of pages before finding what they were looking for).

Subject Matters of Lobbying Activities (Areas of Concern)

All lobbyists are required to identify the broad subject matter of their lobbying activities from a pre-selected checklist. The first column identifies, in descending order, and from active registrations, the 20 subject areas most frequently identified by lobbyists in their registrations, as of March 31, 2006. The second column indicates the ranking obtained the previous year.

	2005–2006	*2004–2005*
Industry	1	1
Foreign Affairs and International Trade Canada	2	2
Taxation and Finance	3	3
Environment	4	4
Science and Technology	5	5
Health	6	6
Government Procurement	7	13
Consumer Issues	8	10
Transportation	9	7
Employment and Training	10	8
Regional Development	11	9
Energy	12	11
International Relations	13	12
Internal Trade	14	11
Intellectual Property	15	14
Infrastructure	16	12
Defence	17	-
Agriculture	18	17
Aboriginal Affairs	19	19
Financial Institutions	20	-

Government Departments and Agencies

All lobbyists are required to identify the names of the Government of Canada departments and agencies that they contact or expect to contact in the course of their lobbying activities. The first column identifies, in descending order and from active registrations, the 20 departments and agencies most frequently identified by lobbyists in their registrations, as of March 31, 2006. The second column indicates the ranking obtained the previous year. In order to take into account the structural changes that affected these organizations during fiscal year 2005–2006, the statistics related to each of their individual components have been combined.

	2005–2006	*2004–2005*
Industry Canada	1	1
Finance Canada	2	2
Foreign Affairs Canada and International Trade Canada *	3	3
Privy Council Office	4	5
Environment Canada	5	4
Health Canada	6	6
Transport Canada	7	9
Natural Resources Canada	8	10
Canada Revenue Agency	9	7
Public Works and Government Services Canada	10	11
Treasury Board of Canada	11	12
Human Resources and Skills Development Canada *	12	8
National Defence	13	17
Agriculture and Agri-Food Canada	14	13
Indian and Northern Affairs Canada	15	16
Canadian Heritage	16	14
Department of Justice Canada	17	15
Fisheries and Oceans Canada	18	18
Western Economic Diversification Canada	19	19
Citizenship and Immigration Canada	20	-

Changes in the ranking of departments and agencies can often be related to developments or modifications in programming, policy, regulatory or legislative activity levels, for instance. In 2005–2006, some departments such as National Defence and Human Resources and Skills Development Canada saw an increase in the number of times they were mentioned in the registrations filed by lobbyists. Others, such as Canadian Heritage and Justice Canada, were cited less often by lobbyists.

Registrations

On March 31, 2006, 732 active individual consultant lobbyists were registered with the ORL, a decrease of about 31 percent from the 1,065 consultants registered the previous year. Of those, 115 consultant lobbyists, or about 16 percent of all registered consultant lobbyists, were self-employed. The other consultant lobbyists, who form the majority in this category of lobbyists, worked for 527 firms across Canada. These firms included government-relations consultants, lawyers, accountants and other professionals who provide lobbying services for their clients. *The apparent decline in the numbers for consultant lobbyists is related primarily to the termination of some 500 outdated registrations resulting from the coming into force of more stringent registration requirements on June 20, 2005.*

As of March 31, 2006, the Lobbyists Registration System indicated that a total of 1,809 individual in-house lobbyists (corporate) were registered, representing the interests of 276 different corporations. This reflects an increase by 847 percent, from 191 to 1,809, in the number of registered individual in-house lobbyists (corporate) compared to the previous year. During the same period, the number of corporations registered by their most senior officers grew by some 44 percent from 192 to 276.

The number of organizations registered by the most senior paid officers of non-profit organizations and interest groups, as well as business, trade, industry and professional organizations or associations, was up by more than 34 percent from the previous year, going from 271 to 364. Over the fiscal year, the number of individual in-house lobbyists (organization) grew by 767 percent from 266 to 2,306.

	2005–2006	*2004–2005*
Individual Lobbyists – active as of March 31		
Consultant lobbyists	732	1,065
In-house lobbyists (corporations)	1,809	191
Organizations (senior officers)	2,306	266
Total registered individual lobbyists, all categories	4,847	1,522
Registrations – active as of March 31		
Consultant lobbyists (clients)	2,726	3,417
In-house lobbyists (corporations)	276	192
In-house lobbyists (organizations)	364	271
Total active registrations, all categories	3,366	3,880

Additional Information

For the legal text of the Act and Regulations, consult the following:

- *Lobbyists Registration Act*, R.S.C. 1985, c. 44 (4th supp.);
- *Lobbyists Registration Regulations, Canada Gazette*, Part II, December 27, 1995;
- *Lobbyists Registration Regulations, Canada Gazette*, Part I, December 18, 2004;
- *Lobbyists Registration and Service Fees, Canada Gazette*, Part I, December 16, 1995;
- *An Act to Amend the Parliament of Canada Act (Ethics Commissioner and Senate Ethics Officer) and Other Acts in Consequence*, S.C. 2004, c. 7; and
- *An Act to Amend the Lobbyists Registration Act*, S.C. 2003, c. 10.

Additional publications available on the Internet include the *Registration Guide*, which covers the basic requirements of the *Lobbyists Registration Act*, a *Quick Reference Guide* to registration, as well as advisory opinions and interpretation bulletins.

Lobbyists registry data are accessible free of charge on the Internet for viewing, searching, and producing summary reports.

The website of the Office of Registrar of Lobbyists contains additional links to related information: **www.orl-bdl.gc.ca**

For further information, please contact:

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Operations Directorate
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Annex 1

Overview of Administrative Review and Investigation Processes

Office of the Registrar of Lobbyists
Investigations Directorate
2006

Administrative Review Process

1. The Administrative Review (AR) process is not a formal investigation – the purpose of the Administrative Review is to assemble, analyze, and verify factual evidence, in order to determine whether there are reasonable grounds to believe that a breach of the *Lobbyists Registration Act* (Act) or the *Lobbyists' Code of Conduct* (Code) has taken place, and whether a subsequent formal investigation is required.

2. All information gathered during the AR process is managed in accordance with government information policies and laws.

3. A review is triggered either by receipt of a complaint or by self-initiation on the part of the Office of the Registrar of Lobbyists (ORL).

4. A complaint can be made verbally or in writing from various sources (e.g., general public, media, Members of Parliament, etc.).

5. Once an AR file is opened, the start date of the two-year limitation period of the Act is noted, if appropriate.

6. An acknowledgement letter from the Director of Investigations is sent to the complainant within seven business days of the receipt of a complaint.

7. An AR plan involves:

    a. A "risk assessment" of the case in terms of the reasons for the review; the timing of alleged events in relation to the limitation period; and any past history of non-compliance with the Act or the Code.

    b. Review, research, and analysis of information from:

        i. Internal sources of information, such as past and present registrations with the ORL Registry of Lobbyists; ORL history of lobbyists under review; and identification of any registration inconsistencies or omissions.

        ii. External sources of information, such as information about the individual, organization or entity; media articles; Internet sources; reports from various sources; and information from government departments (if applicable).

8. Complainant allegations in a review are examined by gathering information from the complainant; public office holders; and parties involved with the activities of the lobbyist under review, such as a client for whom the lobbying activities are undertaken.

9. AR interviews are generally conducted by two ORL officers, if no audio or video recording device is used.

10. Audio or video recording is only done with the informed consent and signed agreement of the interviewee. In circumstances where the interviewee is represented by another party, written consent is obtained prior to interviewing the said party.

11. All information is organized and analyzed carefully, resulting in a summary report for the Director of Investigations, stating the need for a subsequent formal investigation by the RCMP or the Registrar, as required.

12. Documentation is prepared for the Registrar making one of the following recommendations:

    a. Suspend the Administrative Review and close the file due to a lack of available information.

    b. Close the file due to a finding of no reasonable grounds to investigate.

    c. Refer the matter to the RCMP for subsequent investigation. This option is is subject to:

        i. A finding of reasonable grounds to believe that there has been a breach of the *Lobbyists Registration Act*, which can be substantiated with documentary evidence that the lobbyist under review received payments for lobbyist activities.

        ii. A two-year limitation period prescribed by subsection 14(3) of the Act.

    d. Undertake an ORL investigation of an alleged breach of the *Lobbyists' Code of Conduct*.

Investigation Process

1. An investigation is warranted if there are reasonable grounds to believe that a breach of the *Lobbyists' Code of Conduct* has taken place – the process is an important measure to ensure compliance with the *Lobbyists' Code of Conduct*.

2. There is no limitation period for investigating breaches of the *Lobbyists' Code of Conduct*.

3. All information gathered during the investigation process is managed in accordance with government information policies and laws.

4. A Notice of Investigation is prepared by the investigator in accordance with the following:

   a. Appropriate evidence allowing the Registrar to determine the "reasonable grounds" to believe a breach of the Code has occurred.

   b. The Registrar is not required to disclose any information or advice received from ORL staff with regard to the matter.

   c. The investigation is conducted in private.

5. Additional evidence and supplementary information are gathered through some or all of the following:

   a. Interviews with witnesses;

   b. Formal written requests for information;

   c. Summonses; and

   d. Subpoenas.

6. Investigation information is not disclosed unless:

   a. The Registrar determines disclosure is necessary for the purposes of conducting the investigation, or establishing the grounds for any finding or conclusions; or

   b. Disclosure is needed for purposes of a prosecution for perjury.

7. An Investigation Report is prepared and the Director of Investigations forwards the Report to the Registrar.

8. If the Registrar makes the determination that there is sufficient evidence to believe that a breach of the Code has occurred, the Registrar must give the person investigated a reasonable opportunity to present their views orally or in writing.

9. After having provided the person investigated with a reasonable opportunity to present their views, the Registrar concludes the investigation and produces a Report to Parliament.

10. The Registrar's Report to Parliament contains the following:

    a. Names of lobbyists, interviewees, etc., as appropriate;

    b. Issues or matters investigated and the resulting decisions;

    c. Material facts relied;

    d. Relevant sections of the Act and the Code; and

    e. Conclusions and the basis for them.